

In the 109th Congress, U.S. Sen. Saxby Chambliss, R-Ga., and U.S. Rep. John Linder, R-Ga., have re-introduced the FairTax, S. 25/H.R. 25.

The FairTax would repeal:

- **Individual income taxes (including capital gains taxes)**
- **Corporate income taxes**
- **All payroll taxes, including Social Security/Medicare payroll taxes**
- **Self-employment taxes**
- **Estate and gift taxes**

The FairTax replaces all of these Federal income-related taxes with a 23 percent tax on personal consumption of new goods and services. Under the FairTax, workers receive 100 percent of their paychecks, as tax-withholding is no longer needed.

The FairTax' tax rate is expressed as a percentage of consumer spending. For example, if a consumer spends one dollar, 77 cents goes to the merchant and 23 cents goes to the tax man. Under the FairTax, goods and services purchased for business purposes, or in business-to-business transactions, would not be taxed.

The FairTax also establishes a rebate for families to offset any taxes on spending up to the federal poverty level, as determined by the U.S. Health and Human Services Department. This rebate - mailed monthly in advance to every household - ensures that no American is taxed on the purchase of essential goods and services.

Because the FairTax is collected at the retail check-out when consumers purchase goods services, it treats domestically-produced goods and foreign-produced equally. Yet, because it will use free market forces to drive out the embedded cost of the income tax system and compliance costs, U.S. exports will become fiercely competitive in the global economy. And, because both domestic and foreign businesses could invest in the United States without any taxes on capital or labor, the American economy would be the biggest magnet for investment monies in the world.

Under the FairTax, consumers would pay 23 cents of every dollar they spend in taxes, versus our current income system where, on average, taxpayers pay 36 cents of every dollar they earn in taxes.

For more information, contact Don Green with Congressman Linder at 225-4272 or John Gilies with Senator Chambliss at 224-3521.